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For Immediate Release:

Will CPUC Give PG&E \$130 Million Christmas Gift?

PG&E Must Be Held Accountable for Deadly Blast and Fire— San Bruno Calls Upon CPUC to Enforce Penalties against Utility

San Francisco—San Bruno elected leaders and citizens today said they are concerned the California Public Utilities Commission (CPUC) will overrule a judge's decision to hold PG&E and its shareholders responsible for paying the majority of pipeline safety improvements costs in the aftermath of the deadly San Bruno PG&E blast and fire that killed 8 residents, injured 66 and destroyed dozens of homes in the largest natural gas disaster in American history.

San Bruno Mayor Jim Ruane said CPUC Commissioners are on the brink of voting today to reduce financial penalties for PG&E, allowing the utility to make a full 11% profit on the pipeline improvement investments, resulting in a \$130 million 'Christmas gift' for PG&E and its shareholders.

"It is unconscionable and unethical that the CPUC would reward PG&E with a monetary return for the harm they have caused our community and the danger they have created in our state," said Mayor Ruane. "We strongly believe the CPUC should hold PG&E accountable and keep intact a judge's decision the utility pay a penalty for its negligence by reducing its return on equity and by having the company and its shareholders bear the majority of the cost of replacing unsafe pipelines in the State."

San Bruno, the CPUC's own Division of Ratepayer Advocates and consumer advocates Toward Utility Rate Normalization all favor the judge's ruling limiting PG&E profits and making the utility pay the majority of pipeline safety improvements for its negligence in the Sept. 9, 2010 pipeline explosion in San Bruno, a community of 41,114 residents just south of San Francisco.

Mayor Ruane chastised the CPUC for its failure "to make this decision in a transparent and open forum where the public would have the ability to know and to object to this dishonest decision that impacts the public safety of every resident in our State."

The CPUC is expected today to vote and approve the public utility's enhanced safety guidelines more than a year after introducing a plan to improve PG&E's broken pipeline infrastructure.

The \$2.2 billion repairs will require PG&E to test hundreds of miles of pipeline, replace aging pipe segments and automate life-saving valves – all vital measures that PG&E has failed to perform in the interest of its bottom line and at the risk of millions of innocent lives.

PG&E has admitted to lax oversight in its testing of the ruptured San Bruno pipeline – decades of gross negligence that resulted in one of the most tragic incidents in pipeline history and San Bruno leaders believe customers and the innocent victims of that explosion should not bear the burden of the CPUC's faulty oversight and PG&E's fatal mismanagement.

"The CPUC should hold PG&E's feet to the fire and require it to pay for its mistakes," said Mayor Ruane. "CPUC Commissioners, who are appointed to protect ratepayers and citizens, should do this, not only in memory of the victims or those who lost their homes, but because it's simply the right thing to do."

PG&E has diverted money for years that was supposed to be invested in the safety of its pipelines. Yet in a misguided effort to increase profits and put financial concerns ahead of its responsibility to ensure public safety, PG&E ignored the public interest, earning interest on its financial reserves while allowing its aging gas pipeline system to fall in disrepair.

"Given years of decisions that directly benefited the deep pockets of PG&E's shareholders and top management, it's hard to imagine how PG&E could justify rate recovery for these safety enhancement costs, when these costs are a direct cause of PG&E's ineptitude," said Mayor Ruane.

San Bruno leaders further support the punitive reduction of PG&E's Return On Equity (ROE) from 11 to 5 percent, which would have previously allowed PG&E to recoup greater profits from its capital investments. PG&E should only be allowed to repay debts – not profit from – its malfeasance.

"It is difficult for us to understand why PG&E and its shareholders should ever profit from the utility's failure to invest in necessary safety upgrades," Ruane said. "Now that we've seen the tragedy born from bad decisions to neglect infrastructure in the interest of profit, it's time for the CPUC to do its job and force PG&E to pay for its mistakes."

The public meeting will be held at the CPUC today at 505 Van Ness Ave. in its auditorium. A number of San Bruno citizens and community leaders will be on hand to testify in support of the judge's decision to financially penalize PG&E for its negligence.